

## Message Text

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PAGE 01 BERLIN 00862 241038Z

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-07

DRC-01 /088 W

----- 023605

R 241000Z MAY 74

FM USMISSION BERLIN

TO AMEMBASSY BONN

SECSTATE WASHDC 3419

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE BERLIN 862

E.O. 11652: N/A

TAGS: ETRN, WB

SUBJECT: POSSIBLE PANAM MOVE TO TEGEL

1. LOCAL PANAM REP, RUNNETTE, TOLD MISSION ON MAY 21  
SENAT OFFERED PANAM ONE-TIME SUBSIDY OF DM 8 MILLION  
WITH POSSIBLE INCREASE TO DM 9 MILLION FOR MOVE TO  
TEGEL. HE PROMISED TO GIVE SENAT ANSWER MAY 30.  
RUNNETTE WILL BE IN U.S. EARLY NEXT WEEK, AND WE UNDER-  
STAND PANAM MAY SEEK DEPARTMENT'S VIEWS PRIOR TO MAY 30  
DEADLINE.

2. RUNNETTE TOLD US HE IS INCLINED TO RECOMMEND AGAINST  
ACCEPTANCE. TEGEL WILL COST PANAM ABOUT DM 2.4. MILLION  
MORE PER YEAR AND PANAM HAD REQUESTED DM 17 MILLION TO  
COVER SEVEN YEARS AND INDICATED SOME TIME AGO WILLING-  
NESS TO ACCEPT DM 11 MILLION IMMEDIATE PAYMENT WHICH  
WOULD HAVE EARNED ANOTHER DM 6 MILLION AT 11 PERCENT. HOWEVER,  
RUNNETTE CLAIMS THAT FRG INTEREST RATES HAVE SINCE  
DROPPED TO 6-6 1/2 PERCENT TO SENAT OFFER WOULD NOW COVER ONLY  
3.3 YEARS INSTEAD OF 7. (SENAT OFFICIALS CONCEDE THAT  
RATES HAVE DROPPED, BUT ONLY TO ABOUT 10 PERCENT) PANAM  
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PAGE 02 BERLIN 00862 241038Z

ALSO UNHAPPY WITH SENAT PROPOSAL TO WITHDRAW ENTIRE

SUBSIDY IF BRITISH AIRWAYS ALSO MOVES TO TEGEL (AIR-PORT COMPANY STILL MAINTAINS ONLY ONE AIRLINE CAN MOVE, BUT AIRLINES THINK BOTH COULD BE ACCOMMODATED).. CHIEF PANAM COMPLAINT IS SENAT UNWILLINGNESS TO GUARANTEE AGAINST TRAFFIC LOSS WHICH MIGHT ARISE DURING INITIAL PERIOD AT TEGEL AND WHICH PANAM WILLING TO ACCEPT IN FORM OF RENTAL REDUCTION RATHER THAN CASH.

3. IF PANAM SAYS NO, RUNNETTE THINKS SENAT LIKELY TO MAKE SAME OFFER TO BA. UP TO NOW BA HAS MAINTAINED IT WOULD NOT MOVE UNLESS PANAM MOVED. IF BOTH TURN DOWN SENAT OFFER, PANAM EXPECTS HEAVY PRESSURE ON U.S. AND BRITISH GOVERNMENTS. RUNNETTE ASKED MISSION IF USG WOULD THEN PRESSURE PANAM TO MOVE. MISSION DECLINED TO SPECULATE.

4. COMMENT: MISSION BELIEVES BA MIGHT NOT HOLD TO PREVIOUS POSITION NOT TO MOVE ALONE IF OFFERED DM 8 MILLION, AND PASSED THIS OPINION TO RUNNETTE. HOWEVER, MISSION RECOMMENDS AGAINST USG INTERVENTION. PANAM IN BEST POSITION TO NEGOTIATE MATTER AND TAKE APPROPRIATE DECISION. KLEIN

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## Message Attributes

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